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TO RUCNSTF/TERRORISM FINANCE PRE NOTIFICATION COLLECTIVE PRIORITY  
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RUEATRS/TREASURY DEPT WASHDC PRIORITY  
RUEHC/SECSTATE WASHDC PRIORITY 4680  
RHMCSUU/FBI WASHDC PRIORITY  
RHMFISS/DEPT OF HOMELAND SECURITY WASHINGTON DC PRIORITY  
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TREASURY FOR JENNIFER FOWLER, SECRET SERVICE FOR CRIMINAL  
INVESTIGATIVE DIVISION

E.O. 12958: DNG: CO 06/21/2017  
TAGS: [KNNP](#) [MNUC](#) [PARM](#) [PREL](#) [KH](#) [KS](#) [SZ](#) [JA](#)  
SUBJECT: JAPAN RESPONSE TO POTENTIAL DPRK INTEREST IN  
CURRENCY PRODUCTION EQUIPMENT

REF: A. STATE 061051  
[1](#)B. BERLIN 000963  
[1](#)C. SECSTATE 71148  
[1](#)D. BERN 00543

Classified By: Classified By: Charge d'Affaires, a.i., Joe Donovan.  
Reasons 1.4 b/d

[1](#)1. (U) This is an action request. Please see paragraph 6.

[1](#)2. (S) Summary: In a series of recent meetings, embassy officials raised the DPRK,s possible procurement of Japanese-manufactured currency counterfeiting equipment with the government of Japan. We explained that, given the unlikelihood of competing firms selling any high-end currency production equipment to the DPRK,s Central Bank (refs A and D), there is a significant chance of the DPRK approaching Japan,s Komori company to procure an offset/intaglio press for the purposes of counterfeiting U.S. currency. GOJ officials have responded that there is no legal basis for them to prevent the sale of currency printing machinery to the DPRK. METI officials have asked if the USG has worked with other countries to prevent such equipment from reaching the DPRK. End Summary.

[1](#)3. (S) POLOFF delivered ref C on DPRK currency production equipment to the Foreign Ministry,s Asian and Oceanic Affairs Bureau, Northeast Asia Division on May 25. The Bureau asked for additional time to study the information and to determine, in coordination with the Ministry of Economy, Trade, and Industry (METI), the Japanese laws that Tokyo might use to restrict the export of the equipment, adding that they planned to share the information with the National Police Agency (NPA).

[1](#)4. (S) On June 14, ECONOFF met with officials from METI's Trade Control Policy Divison, which takes the lead on export control issues. METI noted that while the ministry can approach Japanese currency production equipment manufacturer Komori to let them know that the DPRK may be trying to obtain advance equipment, there is nothing METI can do to officially restrict the export of the equipment. Japan,s export control regime is divided into two categories: items controlled for security reasons (i.e. relating to WMD) and items controlled because Japan is a signatory to a particular treaty. Printing machines do not fall into either category. Printing machines are listed on Japan,s catch-all list, they

said, but this nomenclature is so broad that, in practical terms, customs officers would be unlikely to inspect outgoing items labeled as such.

¶15. (S) When asked about the list developed to comply with UNSCR 1718, METI stated that getting the machines placed on that list would take the effort of the entire Japanese government and require the Prime Minister,s office to issue an ordinance instructing METI to act. According to the officials, this would be very difficult, and they were vague regarding their intention to pursue any contact with Komori.

¶16. (S) Action Request: The METI officials would like to know if the U.S. Government has worked with any other countries that manufacture currency production equipment. If so, they would like to know in what way. Post seeks guidance as to whether we can share general aspects of the Drent Goebel case with the Government of Japan. If permissible, Post seeks information on how the U.S. Government and the Government of Germany cooperated/are cooperating to ensure Drent Goebel machinery does not get exported to entities of concern.

¶17. (S) FINATT, ICE, and LEGATT met with Ministry of Finance (MOF), Financial Bureau, Treasury Division Director Takeshi Uera, and Director for Currency Policy Shunshuke Shirakawa on

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June 20. While the meeting was ostensibly to learn more about MOF,s newly announced counterfeiting office (to be opened next month with a staff of eight and a director to be named shortly), the discussion centered around the non-paper (ref C).

¶18. (S) While Director Uera pledged that MOF would make its best effort to prevent any transaction of this nature, Shirakawa confirmed that there was no legal basis preventing

the sale of currency-printing machinery to the DPRK. Shirakawa also disclosed that Japan,s National Printing Bureau procures its yen-production machinery from Komori, raising the prospect of yen counterfeiting. Upon further discussion, MOF agreed that DPRK counterfeiting could represent a series of risks, including financial system stability and use of illicit funds for the purpose of weapons proliferation. Upon LEGATT,s suggestion that Komori might face considerable reputation risk in the event of a publicized sale of such a product to North Korea, and that the DPRK might resort to using a front company to veil their activities, MOF suggested that the matter be taken up with the NPA.

¶19. (S) Comment: We have not fully satisfied the demarche,s objective to obtain assurances from Japanese government officials that they will use their influence and legal authorities to prevent the sale of currency production equipment to North Korea. Despite the steady state of anxiety in Japan over North Korea,s WMD activities, counterfeiting, BDA funds, and criminal enterprises, the disclosure of this information did not appear to prompt any sense of urgency, with the possible exception of the Ministry of Finance, which lacks the tools to take concrete measures. It is possible that the NPA may take a more active, law-enforcement approach to this issue, and Post will immediately report developments following an upcoming meeting with the police.

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